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REPORT OF

Annual Meeting

of Stockholders

MONSANTO CHEMICAL COMPANY

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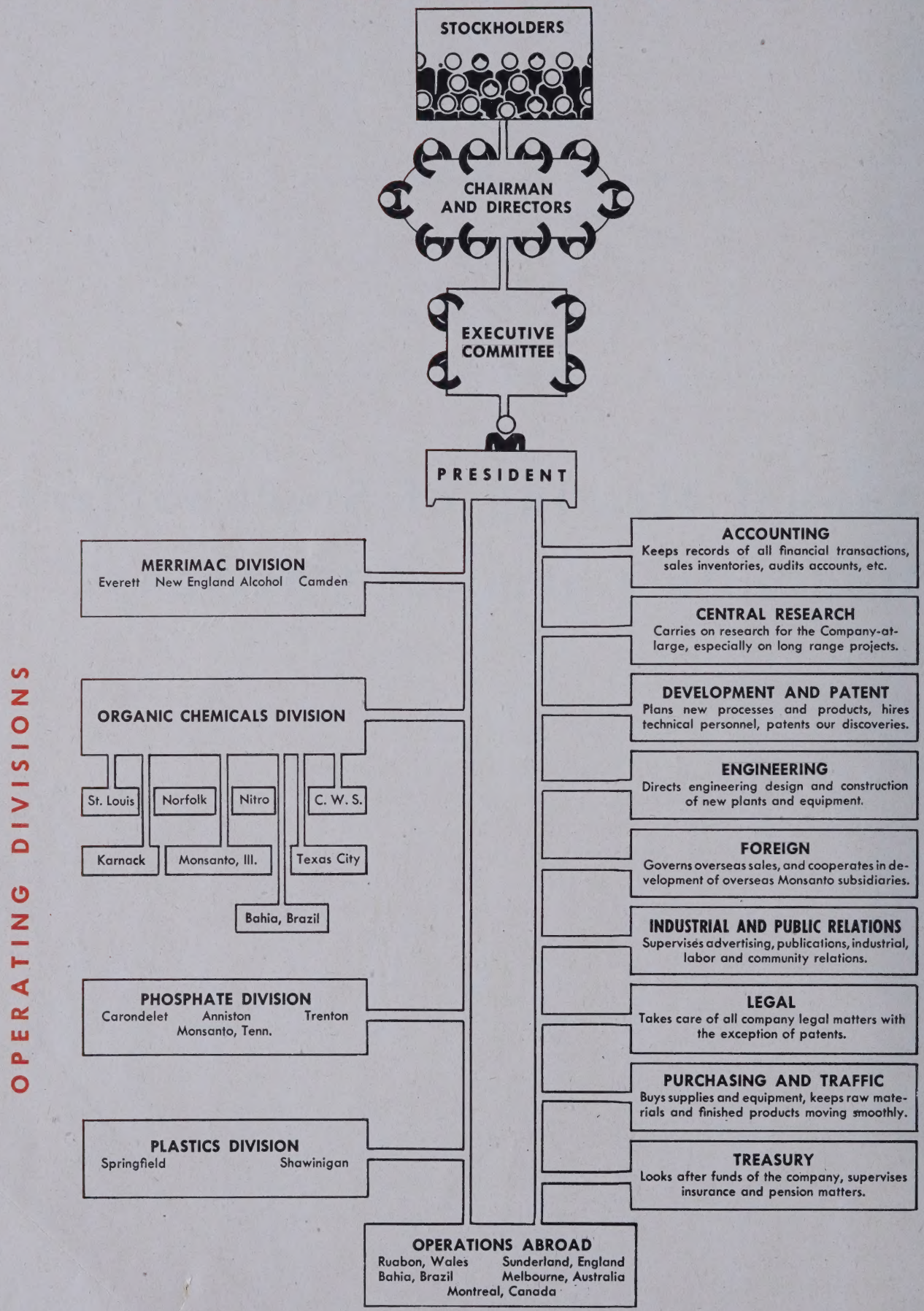
Report

of Annual Meeting of Stockholders Monsanto Chemical Company

At the Annual Meeting of Monsanto Chemical Company in St. Louis on March 28, stockholders received a full report on 1943 operations and heard a discussion of the future as seen by the officers of the company. On the following pages appears a reporter's account of the meeting.

HOW MONSANTO'S MANY ACTIVITIES ARE COORDINATED



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Monsanto Shareholders Hear Report of Company's Operation for 1943

Stockholders Annual Meeting Featured by Discussion of Current War Work and Post-War Problems—Not Profiting From War. « « «

By J. Handly Wright

Stockholders of Monsanto Chemical Company would have received a greater return on their investment in 1943 if there had been no war, Charles Belknap, president, asserted at the annual meeting of Monsanto stockholders held at the Company's offices in St. Louis on March 28. Opening the meeting in the absence of Edgar M. Queeny, chairman of the board, who was called to England in connection with the business of the company's British associate, Mr. Belknap said Monsanto's net profits were lower than in immediate pre-war years, although sales were the highest in the company's history. This fact he termed "an effective answer, as far as our company is concerned, to those who say industry is profiteering from the war."

Mr. Belknap revealed to the meeting at which 749,446 Monsanto shares were represented, that total Monsanto sales in 1943 were $81,697,059, highest in the company's history—but that net profit was $5,365,775, lowest since the pre-war depression year of 1938. Such net profit, he reported, represented 6.6 per cent of 1943 sales as compared with 8.1 per cent of sales in the previous year.

Earnings per share of $3.56 were reported for 1943—less than in 1942 and less than in any of the three years immediately preceding United States entrance into the war.

"This factual evidence of decreased return from greatly increased volume emphasizes a fundamental unfairness of the Federal Renegotiation Act if it is made to apply to Monsanto Chemical Company which not only made less net profit than in preceding years but also voluntarily returned to government *all* profit from operation of the Chemical Warfare Service plants under Monsanto supervision," Mr. Belknap said.

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"Industry, in its preoccupation during these war years with the greatest and most effective production job in world history, has paid scant attention to its detractors. Because it knows so well the true conditions, industry has been inclined to ignore the false picture painted by its critics, who, intentionally or unknowingly, imply that greatly augmented wartime volume necessarily produces increased profits as well. These assumptions ignore the fact that greatly increased taxes, higher labor and material costs and low profit margins on government orders may cut the net return of many businesses to a point well below the normal profit on a smaller volume of peacetime orders. Such, definitely, was Monsanto's situation in 1943.

"It is time the facts became known. Any business making undue profits from war should have those profits reduced to their proper level. But any business which is NOT making such undue profits—or which is making LESS than its normal return—has both the right and the duty to get the facts on record."

Renegotiation Threatens Modest Capital Reserve

The Monsanto president revealed that the dividend policy of the company left $1,631,958 for addition to the company's capital fund which he called "an extremely modest sum to finance future growth and employment." But even this amount is jeopardized by the threat of renegotiation with which we are now faced, he said in calling for a report by William M. Rand, vice president and member of the executive committee, on the status of renegotiation proceedings.

Mr. Rand reported that the company now is in process of renegotiating with the Price Adjustment section of the Chemical Warfare Service on Monsanto profits for the calendar year 1942.

"In October of that year," he said, "government officials first approached us for the purpose of renegotiating our profits. On several occasions in 1943 they requested more data from us. We have prepared and submitted to them voluminous reports. In fact, we have given them all they have requested of us, including reports of our subsidiaries and even our 50 per cent owned company. Renegotiation has not been initiated for the year 1943. You will be interested to know that the cost of furnishing this and other government reports by this company in 1942 and 1943 reached the fantastic sum of $225,000.

"We are being renegotiated on an 'overall' basis, the profits from all of our renegotiable sales being under investigation rather than individual governmental contracts.

"The Chemical Warfare Service has not been active in this renegotiation since the first of the year. We understand that they were awaiting the issuance of further regulations as an outcome of the Revenue Act of 1943. That act may actually have assisted us, first, because it allows us to appeal to the tax court if we feel we have been unjustly penalized by renegotiation. Secondly, by changing the amortization provisions of the tax law it requires the Price Adjustment section to take into consideration the cost of amortization under certificates of

necessity in figuring the cost of goods sold. They were formerly not required to do so but could accept or ignore the figure as they pleased.

"The company's position on the matter of renegotiation is:—that no portion of the company's 1942 profits should be returned to the government for the following reasons:

1. There were no excessive profits.
2. The earnings per share of common stock were 11.4 per cent less than the average earnings in the pre-war period. Dividends to common stockholders in 1942 were $2.25 per share against $3.00 for each of the preceding six years except 1938 when $2.00 was paid.
3. The operating costs of the company have increased materially because of the war, in such matters as plant protection, additional watchmen, fencing of properties, blackouts, training personnel to replace men sent to government-owned plants, and the maintenance of a large organization to keep up with the requests of many government bureaus for reports.

"There are other important reasons which we will not detail here.

"We are asking for consideration of the fact that efficiency has been a factor in the company's operations, which equalizes to some extent the abnormal wartime expenses mentioned above. Such consideration is merited if our government is not to put a premium on inefficiency. Nothing has been set up on the books to take care of the *extra* depreciation of our overworked plants. We are asking also for consideration because of the record of service to the war effort, which is manifested by the earning of 19 Army and Navy 'E' Awards and re-awards, and dozens of letters of commendation by high government officials. We maintain that if renegotiation applies to us it is nothing more or less than a super income tax — an unwarranted third tax on earnings piled on top of the normal and excess profits taxes.

Efficiency Would be Penalized by Renegotiation

"The products sold by this company, upon which the profits for renegotiation are made, are the same products which we made before the war and will continue to make after the war. The prices on these have been established in open competitive markets. The profits which we have made from the building and operation of three Chemical Warfare Service plants have been voluntarily returned. These profits amounted to $1,048,858.80 in 1943 and $523,000 in 1942.

"To take any further portion of the earnings from the stockholders penalizes efficiency. In a field so highly competi-

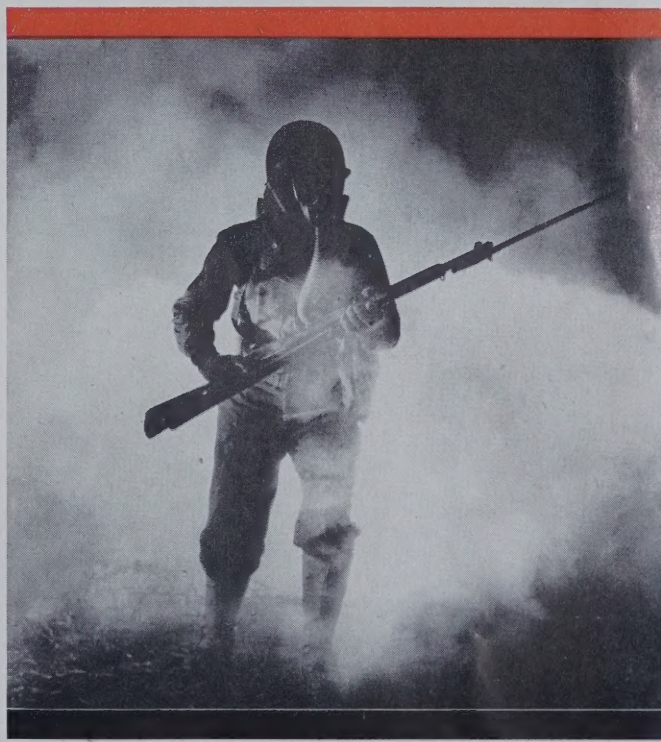
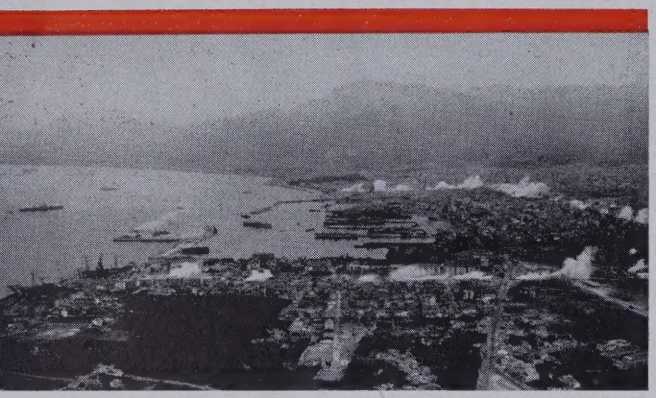


Photo by U. S. Army Signal Corps

From the plastic in his helmet to the tetrasodium pyrophosphate used in processing his cotton clothing to the sulfanilamide in his first aid kit, there is scarcely a piece of clothing or equipment issued to the American soldier that does not depend upon chemicals in some stage of its manufacture. Scores of the chemicals used come from Monsanto's war busy plants.

tive as the chemical industry every penny of profit we make is the result of efficiency. In a highly competitive field our greatest hope for profit is through carefully controlled operation. This has resulted in a highly integrated production. Many of our intermediates materials are manufactured. If the profit so made by this efficiency is threatened, the Renegotiation Act, which was written to recognize efficiency, is being applied to punish it."



BEFORE. During the occupation of Palermo, Sicily, the Chemical Warfare Service had orders to "screen" a large dock and industrial area to shield it from enemy eyes. The area to be blotted out is rimmed by the smoke just beginning to rise. A few minutes more and unloading ships will be obscured.

Photos by U. S. Army Signal Corps

AFTER. Vital harbor area is now completely obscured from the enemy, allowing only the most haphazard aim by marauding bombers or ground batteries. Chemical smokes used by the Chemical Warfare Service include phosphorus, chlorsulfonic, and hydrocarbon types. Monsanto has its hand in making the chemicals required to make these silent weapons.

Following the renegotiation discussion, Osborne Bezanson, vice president and general manager of the Organic Chemicals Division, reported on the company's work in 1943 in service to the war effort.

The government-owned styrene plant at Texas City, Texas, which was designed and built by Monsanto and is now being operated by the company, went into operation early in the year, he said. "It was the first of all the government-owned styrene plants to produce this material so vitally needed in the synthetic rubber program. For a time, it supplied all of the government-made styrene used in that program.

Rubber Reserve Official Praises Work

"Indication of the worth of this accomplishment was given in a letter to the Chairman of Monsanto's Board from S. T. Crossland, vice president of the Rubber Reserve Company, who wrote on May 22:

> 'I think this is an opportune time to thank you and the members of your company for your untiring efforts in bringing the first government styrene plant into production and placing it on a commercial basis in a short time.
>
> 'If it were not for this achievement on your part, synthetic rubber production would not be as advanced as it is today.' "

Mr. Bezanson reported that the Texas City plant has a capacity of 50,000 tons of styrene a year, although when Monsanto first was asked to design and build such a plant, capacity requested was 6,000 tons.

"As we proceeded with the designing and building, the mounting needs of the synthetic rubber program brought successive requests from government to enlarge the plant from 6,000 to 10,000 to 20,000 to 30,000 and finally to 50,000 tons capacity," Mr. Bezanson said. "Obviously, each new request meant decided changes in the design and construction work—yet

the job was completed in the time and manner that brought favorable comment from the Rubber Reserve Company."

The company is producing more than 300 products required in the war effort, Mr. Bezanson reported. One example he cited is TNT, produced in the plant Monsanto is operating for the Army Ordnance Department at Karnack, Texas.

"The company also is operating three Chemical Warfare Service plants which it built and operates for that Service. The products made in these plants are so essential, and of such value for strategic military reasons, that their nature cannot be disclosed. However, some measure of Monsanto's performance in connection with these plants can be gained from letters received from officers high in the Chemical Warfare Service.

Fine Spirit of Company is Cited

"These Chemical Warfare Service products, you will recall, are those on which all profits from operations were turned over voluntarily to the government. Acknowledging receipt of two such sums, Major General William N. Porter, chief of the Chemical Warfare Service, wrote the President of Monsanto on January 16, 1943, that 'such action shows the fine spirit of your company in connection with profits incidental to war contracts. I can assure you that I appreciate this fine spirit and it is just what is to be expected of a company such as Monsanto.'

"Also, we have indication of the satisfactory nature of our Chemical Warfare Service work in a letter from George F. Unmacht, then Lieutenant Colonel of Chemical Warfare Service in charge of procurement. Colonel Unmacht expressed appreciation for 'the remarkable cooperation you have at all times given me in putting through a procurement program which many thought would be impossible. In the successful execution of the Chemical Warfare part of the defense program, you have played a large part!' "

Phosphorus, a major product of the company, is playing a large role in the war, R. R. Cole, vice president and general manager of the Phosphate Division reported. "Its use in smoke shells and smoke bombs was effective in screening Allied landings in Africa, Sicily and Italy, thereby saving uncounted lives. No one needs to be told that phosphorus will have a vital part in the European invasion.

An Example of How Profits are Reduced

"While we are discussing phosphorus, I would like to point out that here is one example of how normal profits are reduced by the nature of the products the government requires.

"Years ago, we started producing our own elemental phosphorus in large quantities in order to be able to make from it phosphoric acid and salts of purity.

"Obviously, we get our normal profit from the products made from elemental phosphorus rather than from the phosphorus itself. However, for military needs, elemental phosphorus is what the armed services require.

"The result is that we receive a smaller profit from sale of this product, which ordinarily we would consider an unfinished material. The same thing applies on many of our other products. To this, we have no objection—it is one of the prices we as a company and you as stockholders willingly pay for victory."

Discussing other products for war or essential civilian purposes, Mr. Belknap said it is a source of particular pride to the company that so much of its production is devoted to healing drugs and life-saving materials which have contributed to decreased suffering and mortality among American and Allied troops. These include sulfanilamide, modern disinfectants, water purifying chemicals and a broad range of pharmaceuticals.

It was brought out that other Monsanto products now being made in increased quantities for war uses are waterproofing materials for military raincoats, life rafts, bridge pontoons, and flotation devices for fighting men in amphibious landings; plastics and resins for gliders and other military aircraft; chemicals for tanning the leather used in the armed forces' shoes, for weaving and dyeing their clothing, for feeding, housing and transporting them at home and abroad; plus all the Monsanto heavy chemicals which form a base for products needed for countless military and essential civilian uses.

Additions and Enlargements Below Normal

"The production of these items was accomplished in the main with existing plant facilities with even less than normal plant additions and enlargements," Mr. Belknap told the stockholders. "Against a normal peacetime plant growth and process improvement of six to seven million dollars, the plant enlargements and new buildings last year totaled approximately $3,000,000, practically all of which was accomplished under certificates of necessity," he said.

"Total plant additions which have been authorized since the start of the war, under certificates of necessity, amount to approximately $11,000,000 of which $9,747,162 had been spent by December 31," Mr. Belknap revealed. Among the construction items which were undertaken with government approval in the past year, it was reported, was a much needed extension of the company's Dayton Research Laboratories where a large portion of the facilities are devoted to highly secret government work. The phenol capacity at Monsanto, Illinois, was enlarged and the production capacity for molding powders in the Plastics Division at Springfield, Massachusetts, has also been increased. The sulfuric acid capacity at the company's Merrimac Division in Everett, Massachusetts, has been enlarged and production has been increased on several products in the Phosphate and Organic Chemicals Divisions of the company.

Acquisition of I. F. Laucks, Inc.

One highly important activity, begun during the year, did not reach fruition until the spring of 1944, Mr. Belknap said. This was the opening of negotiations for the purchase by

Monsanto of the I. F. Laucks, Inc., of Seattle, Washington. On this transaction, Mr. Rand reported:

"Negotiations were started for the purchase of I. F. Laucks, Inc. and its subsidiary companies in 1943. The negotiations, however, were not consummated until March, 1944.

"I. F. Laucks, Inc., of Seattle, Washington, is the country's leading producer of plywood adhesives. The company also manufactures a line of paints and wood preservatives. Their business for the year 1943 amounted to over $6,000,000. They have seven operating units—two are located in Seattle, Washington; one in Los Angeles, California; one in Vancouver, British Columbia; one in Lockport, New York; one in Portsmouth, Virginia; and one in Stanbridge, Quebec. They also own a majority of the stock of the Merritt Engineering & Sales Company, Inc., of Lockport, New York, as well as minority holdings in Australian and Swedish companies. The company pioneered in the exploitation of soybean adhesives. They also manufacture glues from casein. Within the last few years they have had a very large increase in their phenol-formaldehyde and urea-formaldehyde resins for adhesive purposes. Their products go into plywood for hundreds of uses, among them being: floors, partitions, interior work, boats, airplanes, packages, and concrete forms.

In the annals of military medicine, no medical victory has ever outshone that of sulfanilamide and allied sulfa drugs. Infection, once a major killer of stretcher cases, is being checked by the skillful use of these and other medicinals and pharmaceuticals. Monsanto is manufacturing and supplying large quantities of these life-saving drugs.

Opens New Opportunities in Plywood Field

"It is the company's intention to maintain the present personnel of Laucks who have made the company so successful. I. F. Laucks, the president, will be connected with Monsanto on a part-time basis, although he will not take an active part in the management because of his desire to retire. Harry P. Banks, the vice president, and E. W. Eilertsen, the secretary and treasurer, will continue in their present positions.

"The company pays approximately 26,000 shares for all of the stock of the various companies. It is expected that both the asset value and earning power of Monsanto stock will be increased.

"Your company now manufactures phenol and other raw materials used by Laucks, and it sees large and increasing possibilities in the plywood field. It also gives Monsanto an opportunity for the first time to extend its interests to the great industrial development of the Pacific Coast."

Monsanto's international operations spread to a new continent during the year with the

building of a plant at Bahia, Brazil, Mr. Belknap revealed. Located in the heart of the rich cocoa growing district of Brazil from which the raw material is obtained, the plant is designed to manufacture theobromine from cocoa cake which in turn is shipped to Monsanto plants in this country for the manufacture of caffein. Construction is virtually complete, and operations are scheduled to start in the early spring. The Brazil plant is a further addition to Monsanto's foreign operations which already include plants at Ruabon, Wales; Sunderland, England; Melbourne, Australia; and Montreal, Canada.

"While Monsanto's foreign operations continued to expand, other aspects of the foreign picture give us some cause for concern," Mr. Belknap said. "It is disquieting to hear reports of governmental subsidizing of large industrial enterprises abroad. We realize that expanded war production has brought governmental money, both our own and foreign, into many foreign industrial plants. But we are concerned with the post-war implications in the picture.

Private Capital vs. Subsidies

"I would like to make our position on this clear. We do not object to foreign industrial expansion. We do think, however, that in justice to our own system in this country, that expansion should be with private capital and under private direction. Monsanto does not fear competition from private industry anywhere in the world. But Monsanto cannot compete against government subsidized competition where inefficiencies are covered up with taxpayers' money.

"Competition on any basis approaching equality is stimulating and we welcome it. On the other hand, competition with either unlimited government funds or with unbearably low wages and living standards is quite another matter. As great as the miracles of production have been in this country, there is no miracle that can overcome the wage differential between the high standards of American industrial wages and the unbelievably low coolie wages of some Asiatic countries. The inevitable result of trying to meet such competition would mean either the lowering of our own standards of living or the shutting down of our own factories. Somewhere that line has to be drawn, and I think it should be drawn between private and public funds."

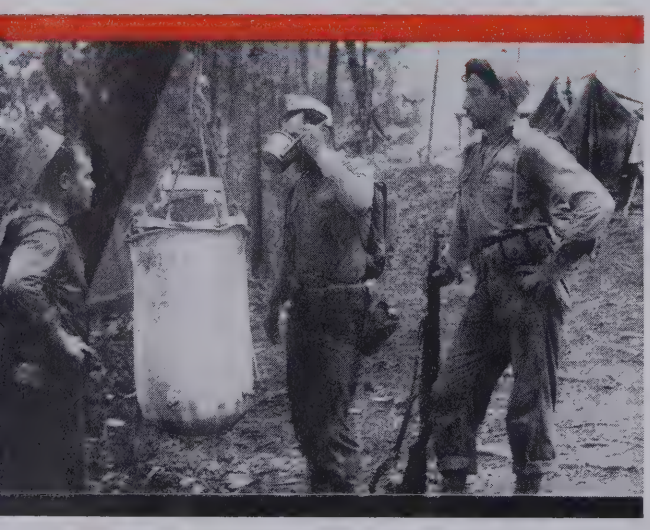


Photo by U. S. Army Signal Corps

Troopers in South Pacific area drink deeply after jungle maneuvers. Water purification chemicals of the type made by Monsanto enable our fighting services to convert stagnant or polluted water into disease-free drinking water wherever it is found, whether in steaming jungles, Aleutian tundra, or desert oases. Monsanto also makes Saflex resin for waterproofing canvas water "pails."

Hourly Take-Home Pay Exceeds Index

As a result of wage increases ordered by the War Labor Board, hourly employes of the company are receiving take-home pay in every instance in excess of the increase in the cost of living in the community.

The company's relations with its employes were featured on the whole by continued understanding and cooperation, the Monsanto President reported. "While our company's plants

have been free of strikes in the last year," he said, "it would be idle to deny that considerable time has been lost in negotiations and contract discussions stretching out over longer than necessary periods of time. This has been a matter of concern to operating officials of the company and should be to responsible labor leaders as well. The company's policy is directed toward closer cooperation and better understanding between management and employes."

An average of 10,098 employes worked for Monsanto's domestic operations during the year, both in the company's own plants and in government-owned plants which were built and operated by Monsanto, Fred A. Ulmer, treasurer, told the stockholders. Of these, 80 per cent are buying war bonds regularly under the company's payroll deduction plan. Total war bond purchases by Monsanto employes under the payroll deduction plan are approximately $2,500,000, with another million bought directly and not through the company.

High Participation in Pension Plan

Mr. Ulmer said all employes making $3,000 or less came under the company's "A" pension plan by which the company supplements, at no cost to the employe, retirement benefits available under the Federal Social Security program. The company's "B" plan, which is open to employes making over $3,000 and paid for by the company and the employe jointly, was participated in by 90 per cent of those eligible, he said.

Practically all automatic retirements which normally would have taken place under the company's pension and retirement plans were deferred during the year due to manpower shortages and the wish of those eligible for retirement to continue at work during the war.

At the end of the year, Mr. Ulmer reported, a total of $17,800,000 in group insurance coverage was in effect for 7,066 employes of the company.

Our company's safety record continued to improve during the year. The average for all the company's plants is considerably better than the average for the chemical industry but still not good enough, Mr. Belknap said, to satisfy Monsanto operating officials. The company's plant at Monsanto, Tennessee, finished the year with no lost-time accidents at all, giving it the remarkable record at the end of the year of more than 18 months without an accident. Continued intensive effort is being put on the company's safety program. During the year a full-time safety engineer was added to the Department of Industrial and Public Relations to work with plant managers and plant safety engineers in bettering the company's record.

Monsanto's service flag as of today, March 28, proudly flies with 1,776 stars representing the men and women of the company who have entered the armed forces. Eleven of these former employes have given their lives; three are known to be prisoners of war; and one is missing in action.

Post-War Outlook is Discussed

Gaston DuBois, vice president and member of the executive committee, dealt with the company's post-war outlook. Mr. DuBois said:

"While war production is the dominant thought in the minds of all operating executives

of the company, an increasing emphasis is being placed on post-war study. During the past year Mr. Curtis, the chairman of our Long-Range Program committee, was made a vice president and given the full-time responsibility for developing and coordinating the company's post-war plans.

"Our post-war employment goal is quite simple. We are endeavoring to retain on our payroll those employes who now work for us and who want to continue to work for us after the war, and to take back those who left to go to war. Whether we can succeed in reaching this goal is not, however, a matter wholly under control of the company. We now have in the United States about 10,000 employes, and, in addition to that, nearly 1,800 in the armed forces, or a total of approximately 11,800 employes, as against 8,200 on December 31, 1941, and 6,600 on December 31, 1939.

Government Policy Stalls Preparation

"We are willing and anxious to do our part, but to a great extent all our post-war plans will depend on the policies of the government.

"It may seem strange, after hearing so much said regarding post-war planning, to know that most of our post-war projects are at a standstill, and this is so because the government policy at the present time provides that no manufacturing project, however small, can be undertaken if its prime purpose is to create jobs for post-war. The reason given is that such projects would *necessarily* interfere with the war effort by utilizing labor and materials.

"The Baruch report—made public on February 19, 1944, which deals with reconversion—is an important and excellent report and makes valuable recommendations for the industrial reconversion from war to peace. It deals with the important matters of taxation, demobilization, disposal of government plants and of surplus material, and the need of preparing for public works. This shift of the productive capacity from war to peace in some industries is a major operation. For instance, automobile companies who are now making various types of war machines will require several months to change their plants over so as to be able to turn out automobiles.

Expanded Facilities Key to Future

In contrast thereto, the chemical industry faces a relatively simple problem of reconversion, since most of the chemicals now used in the war effort are used in peacetime. But in our case reconversion is not the whole story. In fact it is, as I have intimated, but part of the problem ahead, because reconversion will give employment to only about as many men as were employed before the war, but will not create additional jobs for those who were unemployed at that time nor for the large increase in the employable population (including women) which has taken place since then.

"The expansion of our manufacturing operations to meet new demands is quite as important as is the creation of new activities, because the net result on employment is the same

whether we have new products to market or whether we expand the use of old products into new fields. The increase in wages during the last three or four years renders our problem more difficult. In order to continue to pay these wages, without raising the cost of all products, and to enable us to compete with the rest of the world, not only will we have to maintain our production at a level considerably higher than pre-war, but we also have to create *entirely new products*, which, though not essential to the war, will be most essential to our post-war economy.

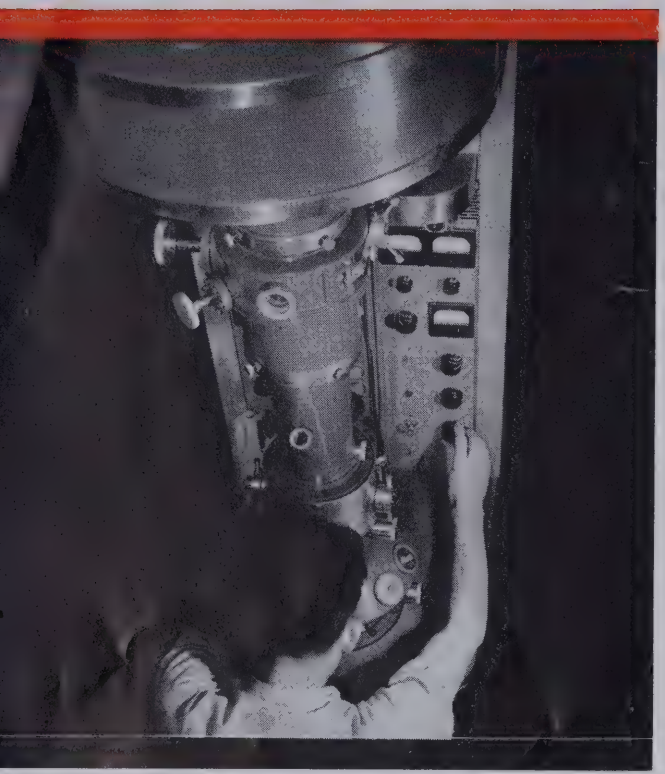
"Finally, we cannot overlook the fact that we will have to operate at best under a very heavy taxation load, even in the post-war period. Every handicap to successful business operation is an obstacle to employment, and there is no such thing as a tax level which does not hinder full employment. Messrs. Baruch and Hancock, in their report on 'War and Post-War Adjustment Policies' of February 15, 1944, recognize the tax handicap to full employment and recommend 'that a post-war tax law be drafted now, during the war, and put on the shelf to go into effect at the end of the war.' And they comment further: 'Lower (tax) rates, which stimulate a high volume of business and a high national income, will yield greater total tax receipts than would high rates, which depress business volume, employment, and income.'

$65,000,000 Additional to be Required

"It is very clear, therefore, that in order to meet the problem before us, that of keeping our present men fully employed, we will have to expand very considerably and we will have to do this mainly through new creations; that is, we will have to manufacture products that we never manufactured before. Preliminary studies indicate that our projected post-war operations will call for approximately $40,000,000 in new plant construction and another $25,000,000 in working capital. This capital will not be required immediately, but over the next few years following the war. It is clear that such sums cannot come out of company earnings.

No worse paint killers could be devised than the icy storms of the Aleutians or the baking sun of the South Pacific. Several important Monsanto chemicals help make United States battleship paints water-and-weather resistant. More than 40 are used in peacetime paints, varnishes and lacquers.

"Our problem is to provide employment for 50 per cent more employes than we had in 1939. To provide a new job at Monsanto will cost approximately $14,000 for plant investment, but it is evident that the new plants have to be ready before steady employment can begin. However, these investments at the present time cannot be made because the government will not grant authority to build anything not required for the war effort. We are desirous on one hand of creating jobs, and on the other hand we are prevented from doing so.



Looking into the unknown with an electron microscope, an instrument in which an operator can make a blood corpuscle look like a two-foot sofa pillow, opens up new realms for the chemical explorers at Monsanto's Central Research laboratories at Dayton, Ohio. Highly trained Monsanto technicians, like Dr. Dexter Reynolds shown operating the electron microscope, are pointing the way to many new Monsanto discoveries.

Efforts Being Made in Washington

"In view of this situation, we are contacting the administration to determine whether anything can be done toward preparing for the expansion in our business which must take place. It is high time that we begin to lay our plans to meet this situation. We are not satisfied with the prevailing governmental attitude that nothing can be done. We want to see a government organization working with industry which will assist in finding out *what can be done* or when and how some start can be made. We fully realize that we are reaching the climax in the war with Germany and that maximum efforts must be concentrated on our war, but at the same time we must adopt a positive point of view toward post-war employment—and that is our aim."

The attainment of Monsanto's post-war goal, however, is not a matter wholly under the control of the company, it was pointed out by Mr. Rand. "We are perfectly willing to do our part," he said, "but we are helpless unless we have the sympathetic cooperation of the government on several points.

"If we are going to attract the new capital necessary to finance this post-war expansion, we must have a more realistic tax attitude on the part of the government. For example, against earnings of $3.56 a share in 1943, our company paid taxes of $10.91 a share. Monsanto has no wish to escape its just share of taxation during wartime but we believe that new capital will be slow to support industry after the war if the government continues to take the lion's share of all the earnings of industry.

Revision Needed by S.E.C.

"Another reassuring step would be a revision in the unnecessarily stringent and complicated regulations of the Securities and Exchange Commission to permit more rapid and efficient marketing of securities to raise post-war capital. A third contribution which the government can make is the establishment of a more practical labor policy. The irresponsibility of a few union labor leaders under governmental encouragement is no incentive to investors who will be reluctant to finance any new enterprise if there is a prospect that labor in the future will demand such a share of the profits that there will remain no return for the investor. The freedom to exercise initiative and judgment must be returned to management. With prices now set by the OPA, labor rates set by the War Labor Board, raw materials and cus-

tomers designated by the War Production Board, management has scant room to exercise any discretion. The continuance of such conditions after the war is unthinkable if freedom of enterprise is to be maintained.

"The question of whether or not government-owned plants will continue to be operated by government after the war or will be disposed of to private industry, forms one of the greatest uncertainties hanging over business. Approximately one-third of the productive capacity of the country is now owned by the government. In either event, the result is certain to mean a greatly intensified competition because of greatly increased production facilities. If our competition in the post-war era is to come from private individuals who are in business to make a profit, we will welcome such competition. But if business must compete against government-operated plants where deficits from inefficiency traditionally are made up by taxes from the people, then private industry can't survive against such unequal odds.

"In regard to the tendency of some spokesmen for business to promise full employment after the war without demanding from the government conditions which would make full employment possible, certainly industry should strive with every ounce of its energy to provide full post-war employment, but industry owes itself and the country the duty of demanding conditions which would make employment possible."

Report on Executive Changes

Mr. Belknap reported that during the year certain changes were made in executive personnel looking partly toward post-war operations. On March 23, 1943, Edgar M. Queeny, president of the company, became chairman of the board, while Mr. Belknap, previously executive vice president of the company, became president. William M. Rand, vice president and general manager of the Merrimac Division with headquarters at Everett, Massachusetts, became a member of the executive committee November 1, and was moved to St. Louis. Francis J. Curtis, formerly director of the Development department, became vice president of the company on October 26, 1943, with the full-time responsibility of coordinating the post-war planning activity of the company. Daniel S. Dinsmoor, assistant general manager of the Organic Chemicals Division, became a vice president and succeeded Mr. Rand as general manager of the Merrimac Division. Julius A. Berninghaus, general manager of the Organic Chemicals Division, who had reached retirement age, was succeeded on November 1 by Osborne Bezanson, vice president of the company and general manager of the Texas Division. Mr. Berninghaus remained with the company in an advisory capacity. The Texas Division was merged with the Organic Chemicals Division.

Mr. Belknap then reported the awards for exceptional service which have come to the company in the year past. He said:

"The war performance of the chemical industry and our own company particularly is a matter of satisfaction and pride to all of us. This applies particularly to Monsanto's part in

the synthetic rubber program, covered earlier in this meeting, which brought the company along with others engaged in the synthetic rubber industry a special recognition in the form of an award by Chemical and Metallurgical Engineering, presented to the synthetic rubber industry early in 1944.

Perkin Medal to Gaston DuBois

"Another award of great satisfaction to the directors, officers and personnel of the company was made to Gaston DuBois, our vice president who received the Perkin Medal from the American Section of the Society of Chemical Industry. This award, which has been given annually for 38 years for the most outstanding work in applied chemistry, came to Mr. DuBois in recognition of a long list of distinguished achievements in this field.

"Further evidence of efficiency in war production in which the company can take pride is the fact that our plants now hold 19 Army-Navy 'E' awards, testifying to the government's satisfaction with this company's contribution to the war effort."

Concluding the annual meeting, Mr. Belknap declared:

"We have a task ahead of us for the balance of this war period, and in the post-war days also, that we must frankly acknowledge to be difficult. But, given the proper attitude of understanding and tolerance on the part of those in control of our government, we know that the initiative and good will of management, the vision of research, and the cooperation of our employes, all will combine to provide a future which Monsanto can face with assurance."

The present Board of Directors was unanimously re-elected. Board members are: Edgar M. Queeny, Charles Belknap, Osborne Bezanson, John C. Brooks, Gaston DuBois, Lloyd F. Nickell, William M. Rand, Theodore Rassieur, Walter W. Smith and Charles Allen Thomas.

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